

## Chapter 1

## Section 42

# Temporary Reimbursement Changes In Response To The Coronavirus Disease 2019 (COVID-19) Pandemic

Issue Date: April 9, 2021

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### 1.0 DESCRIPTION

**1.1** This policy provides information on temporary reimbursement changes in response to the COVID-19 pandemic.

**1.2** The Assistant Secretary of Defense (Health Affairs) (ASD(HA)) issued an Interim Final Rule (IFR) with comment in the **Federal Register** on September 3, 2020, temporarily amending the TRICARE regulation to modify TRICARE's reimbursement systems in order to ensure appropriate reimbursement of providers for the duration of the COVID-19 pandemic. This IFR included modification to TRICARE's reimbursement systems consistent with similar changes made to Medicare reimbursement systems under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

### 2.0 POLICY

#### 2.1 Temporary Diagnosis Related Group (DRG) Adjustment for Individuals Diagnosed with Coronavirus or COVID-19

**2.1.1** The contractor shall apply a 20% adjustment factor to increase the DRG relative weight that would otherwise be applied when determining Inpatient Prospective Payment System (IPPS) operating payments for discharges described below, effective for claims with an admission date occurring on or after January 27, 2020, through the end of the emergency period.

**2.1.2** Section 3710 of the CARES Act directed the increase of the weighting factor of the assigned DRG by 20% for an individual diagnosed with COVID-19 discharged during the COVID-19 Public Health Emergency (PHE) period. The contractor shall identify discharges of an individual diagnosed with COVID-19 by the presence of the following International Classification of Diseases, Tenth Revision, Clinical Modification (ICD-10-CM) diagnosis codes:

- B97.29 (Other coronavirus as the cause of diseases classed elsewhere) for discharges occurring on or after January 27, 2020, and on or before March 31, 2020.
- U07.1 (2019-nCoV acute respiratory disease) for discharges occurring on or after April 1, 2020, through the duration of the COVID-19 public health emergency period.

**2.1.3** The contractor shall ensure that for admissions occurring on or after September 1, 2020, claims are only eligible for the 20% adjustment factor if a positive COVID-19 laboratory test is documented in the patient's medical record. Positive tests shall be demonstrated using results consistent with Centers for Disease Control and Prevention (CDC) guidelines. The test shall be performed either during or prior to the hospital admission.

**2.1.4** The contractor may conduct a post-payment medical review to confirm the presence of a positive COVID-19 laboratory test, and, if no such test is contained in the medical record, the contractor shall recoup the additional payment resulting from the 20% adjustment factor.

**2.1.5** The contractor will multiply the current MS-DRG relative weight for the discharge by a factor of 1.20 when calculating a hospital's operating IPPS payment. Section 3710 of the CARES Act amended Section 1886(d)(4)(C) of the Social Security Act which generally governs IPPS operating payments. A hospital's capital IPPS payment shall not be adjusted.

**2.1.6** The contractor shall determine high cost outlier payments for IPPS discharges during the emergency period with a COVID-19 diagnosis code after applying the increased payment under section 3710 of the CARES Act.

**2.1.7** All hospitals that are exempt from the IPPS DRG system, including hospitals in Maryland, are excluded from this policy.

## **2.2 Long Term Care Hospital (LTCH) Reimbursement**

**2.2.1** The contractor shall pay all LTCH cases admitted during the COVID-19 PHE period the LTCH PPS standard Federal rate, effective for claims with an admission date occurring on or after January 27, 2020, through the end of the emergency period. Section 3711(b)(2) of the CARES Act provides a waiver of the application of the site neutral payment rate under Section 1886(m)(6)(A)(i) of the Act for those LTCH admissions that are in response to the PHE and occur during the COVID-19 PHE period. For details on LTCH reimbursement, see [Chapter 16, Section 1](#).

**2.2.2** All LTCHs that are exempt from the LTC-PPS MS-LTC-DRG system are excluded from this policy.

## **2.3 Skilled Nursing Facility (SNF) Three-Day Prior Hospital Stay Requirement**

The requirement for a qualifying hospital stay of three consecutive days or more, not including hospital discharge day, prior to SNF admission (see [Chapter 8, Section 2](#)) is waived for the duration of the President's national emergency for the COVID-19 outbreak.

## **3.0 EFFECTIVE DATES**

**3.1** January 27, 2020, for the adjustment to DRG rates for individuals diagnosed with Coronavirus or COVID-19.

**3.2** January 27, 2020, for the adjustment to the reimbursement for LTCHs.

**TRICARE Reimbursement Manual 6010.61-M, April 1, 2015**

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**3.3** March 1, 2020, for the waiver of the SNF three-day prior hospital stay requirement.

**4.0 EXPIRATION**

**4.1** Under section 319 of the Public Health Service (PHS) Act, a PHE declaration lasts until the Secretary of Health and Human Services (HHS) declares the PHE no longer exists, or upon the expiration of the 90-day period beginning on the date the Secretary declared a PHE exists, whichever occurs first. The Secretary may extend the PHE declaration for subsequent 90-day periods for as long as the PHE continues to exist, and may terminate the declaration whenever he determines the PHE has ceased to exist. The manual provisions related to adjustments to DRG reimbursement and LTCH reimbursement terminate upon expiration of the COVID-19 PHE declared by the Secretary of HHS.

**4.2** For the waiver of the SNF three-day prior hospital stay requirement, these manual provisions terminate upon expiration of the President's national emergency for the COVID-19 outbreak.

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